



April 29, 2009

Ms. Amy Gill
Community Development Corporation
City of Frisco, TX

Re: CDC Funding Request

Ms. Gill and Members of the Community Development Corporation Board:

Frisco Square proposes that the Frisco Community Development Corporation fund the purchase of a synthetic ice skating surface (EZGlide 350).

A rink of approximately 5,000 square feet in size can be installed on the concrete pad and used during the annual Christmas in the Square and Frisco Merry Main Street events beginning November 27, 2009. A financial pro forma is attached to this letter. In broad terms:

1. The Frisco CDC (alone or in conjunction with others) would contract with Frisco Square to provide a payment of \$40,000 per year for five (5) years (\$200,000) to Frisco Square.
2. Frisco Square would use the annual payment from the CDC for debt service and operating funds.
3. In exchange for a management fee of 10% of skate rental income, Frisco Square would be responsible for:
 - a. Payments on a five-year loan that Frisco Square would obtain to purchase the rink and associated equipment (The contract, rink and equipment would be the collateral for the loan.)
 - b. Insurance
 - c. Storage
 - d. Assembly
 - e. Operations (including staffing)
 - f. Marketing and PR
 - g. Financial controls, accounting and reporting
 - h. Payment of net income from operations (primarily skate rentals) to the CDC
 - i. Sell the rink and equipment to the CDC for the sum of \$1 at the end of five years

Alternatively, the CDC (alone or in conjunction with others) could purchase the rink. Frisco Square's responsibilities would then be limited to items b-h above.

Other points:

1. Our very conservative estimate of revenue and costs for the five years would net more than \$350,000 to the CDC. Lower costs for skate purchases (Dallas



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Stars) and more skate times (weekends and during the day) would improve this margin.

2. The expected useful life of the rink is more than fifteen (15) years.
3. The rink could be taken out of storage, assembled and used at other times of year and for other events (Frisco Winter Games).
4. Only minimal maintenance, and no freezing or ice scraping machinery equipment is required.
5. No special equipment other than normal ice skates is required.
6. The surface is all-weather.
7. The surface works for ice skating and ice hockey.
8. Frisco Square is planning to show the movie Christmas in July on July 31 to promote the skating rink and Christmas in the Square, as part of the annual Movies in the Square event.

Our interest in the skating rink stems from our desire to add, incrementally, to the Christmas in the Square experience each year. The research and inquiries we have done leads to us believe, strongly, that the addition of the skating rink will add significantly to our annual attendance. As we did with the model railroad set-up in 2008, we had planned to share the rink with the City by opening and operating it during Merry Main Street. Further, as noted above, we believe that the revenue from skate rentals alone (without consideration of potential endorsements, use fees, or sponsorships) will result in a significant cash flow to our partner.

We tried to reach an agreement with a local corporation and local non-profits to add the skating rink in 2008. Disagreements over responsibilities and sponsorships and then a lack of time to accomplish the acquisition and accomplish the necessary operational training resulted in our decision to postpone further attempts until 2009.

This request is for a one-time commitment but would extend over five (5) years. We think that a commitment is required not later than June 1, 2009 to take advantage of the promotional opportunity on July 31 or September 1, 2009 for the rink to be used for Christmas in the Square and Merry Main Street this year.

Christmas in the Square, in just three years, has grown to be the largest (by attendance) festival event in Collin County and the third largest event in North Texas. It is the signature event for Frisco receiving media and general interest and attention through-out the world. We believe that the skating rink will maintain, even accelerate, the momentum we have achieved. Greater attendance results in more visibility for our business sponsors and more revenue opportunities for our non-profit partners. We enthusiastically believe that the skating rink is the next big thing to add. We hope you will partner with us.